

Investor Presentation

H1 2020 Results

14 August 2020



Opening Remarks

1 | Current situation

- COVID-19 pandemic led to substantially declining global transport volumes in Q2 2020
- In response to the decline in demand, we implemented an extensive blank sailings program to adjust our cost base accordingly
- In addition, we have launched our Performance Safeguarding Program (PSP) to mitigate negative effects of the pandemic as much as possible

2 | Financials

- In spite of COVID-19 related demand slump, we recorded very solid H1 2020 results
- While volumes were down, we benefited from lower bunker prices and active cost management
- To mitigate future risks, we have strengthened our liquidity position and further reduced our leverage

3 | Market update

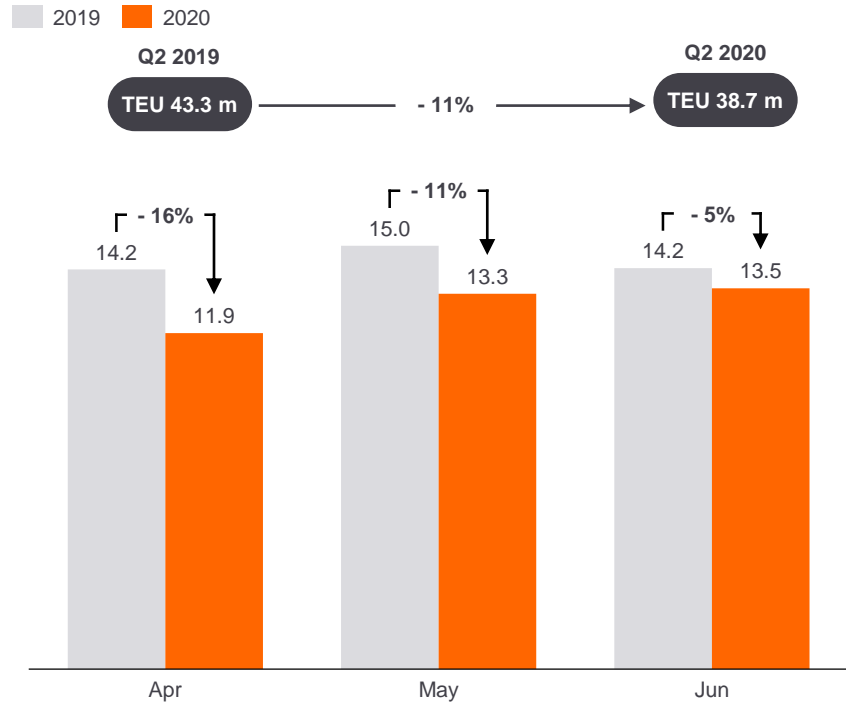
- Container transport volume 2020e is significantly affected by COVID-19
- Idle fleet is declining from record high in May as demand picks up slowly
- Volatile markets will also require various measures in H2 2020 to ensure sufficient supply at competitive cost

4 | Way forward

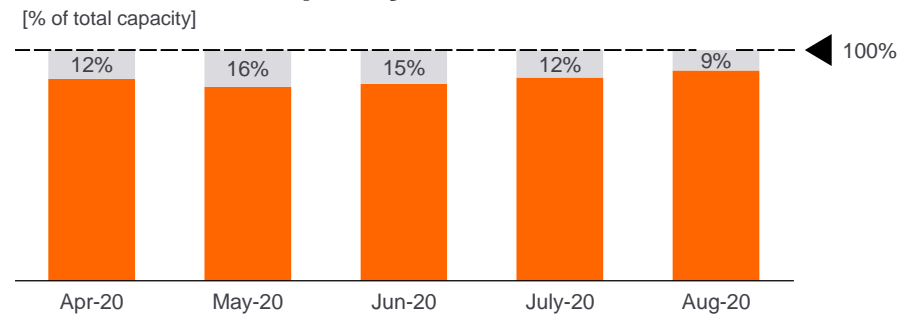
- Earnings outlook confirmed; however, outlook remains subject to considerable uncertainty
- Focus on execution of the Performance Safeguarding Program and risk adequate liquidity steering
- Continue to roll-out and execute our Strategy 2023 to mitigate delays in implementation

COVID-19 pandemic has weakened global transport volumes in Q2 2020, which required carriers to adjust capacity to save cost...

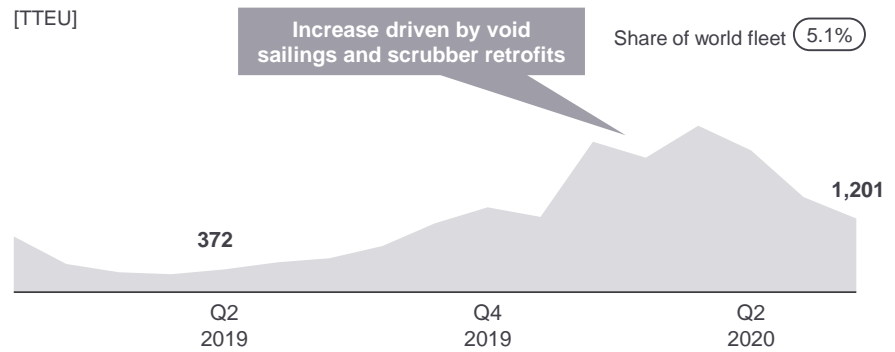
Development of global transport volume



Global carrier capacity measures

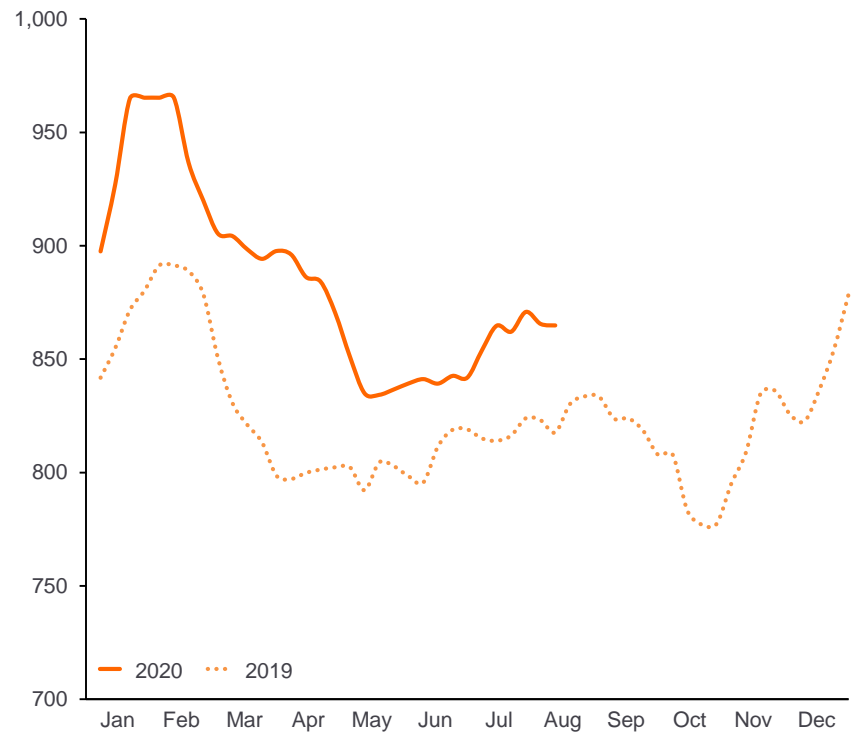


Idle fleet



...and the sudden drop of the oil price resulted in significantly lower bunker cost in Q2

Weekly CCFI development



Bunker price development



We are well positioned and remain focused on the implementation of our Strategy 2023 and the PSP program



OUR TEAM

- Situation worldwide is being closely monitored and we will steadily increase the percentage of employees back in the offices – since June we started gradually returning to offices in Germany
- We continue to actively track business continuity risk levels



OUR BUSINESS

- Volumes dropped by a low double-digit percentage amount in Q2
- However, we benefited from a temporarily favourable ratio between freight rates and bunker prices in the second quarter
- In addition, active cost management has led to a strong H1 result



OUR FOCUS

- Performance Safeguarding Program (PSP) on track, cost saving measures with positive impact across all categories
- We actively keep track on the execution of our Strategy 2023 and have just launched our fourth quality promise

In spite of COVID-19 related volume decline, we recorded a very solid result in the first half year 2020

Operational KPIs



Volume TTEU	5,755 (5,966)	» Volume declined by -3.5% YoY due to COVID-19 impact on almost all trades, but mainly on main East-West trades
Rate USD/TEU	1,104 (1,071)	» Average freight rate increased by 3.1% YoY mainly due to the MFR recovery mechanism
Bunker USD/mt	448 (429)	» Average bunker consumption price increased slightly by +19 USD/mt due to higher share of low-sulphur fuel, but declined in Q2 YoY due to falling oil prices

Balance sheet



Assets USD m	19,152 (18,182)	» Total assets increased by USD 970 m vs. 31.12 mainly due to a significant increase in cash
Fin. Debt USD m	8,058 (7,180)	» Total financial debt increased due to debt intake as a precautionary measure to improve liquidity and increased lease liabilities (IFRS 16 related)
Liquidity USD m	1,876 (1,060)	» Strong increase of liquidity reserve

P&L effects



Revenue USD m	7,005 (7,047)	» H1 revenue was almost stable (-0.6% YoY), as lower volumes were offset by increased freight rates
EBITDA USD m	1,287 (1,080)	» EBITDA increased by USD 207 m on the back of a favorable relation of freight rates and bunker prices as well as active cost management mainly in Q2
EAT USD m	314 (165)	» Net profit nearly doubled YoY, interest result improved due to bond repayments in 2019

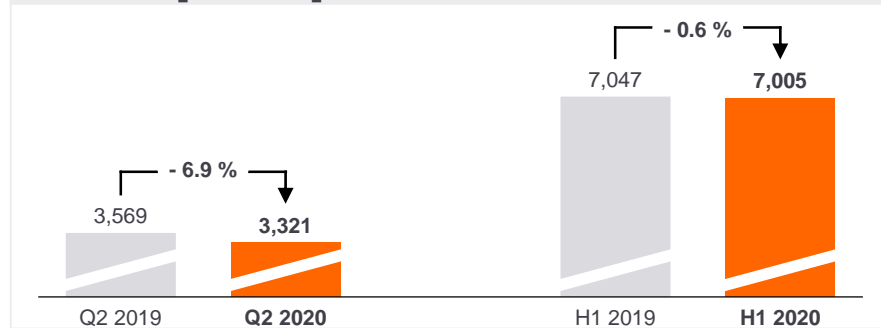
Financial KPIs



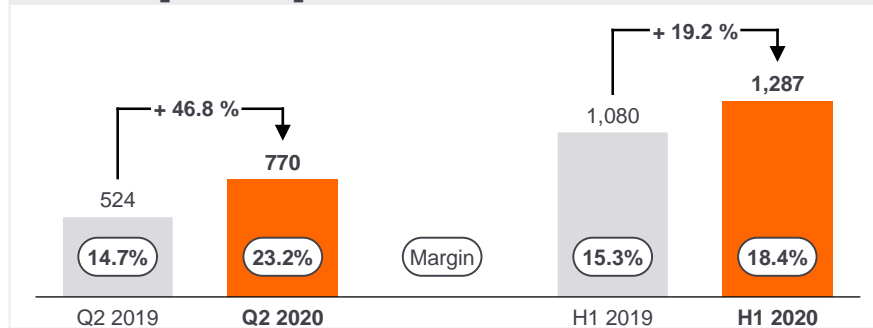
FCF USD m	1,177 (867)	» Strong Free Cash Flow generation leading to a reduction of net debt
Net debt / EBITDA	2.6x (3.0x)	» Ratio of net debt to EBITDA improved accordingly (calculated based on LTM)
ROIC %	7.7% (5.9%)	» Return on Invested Capital turned clearly better due to strong result and lower invested capital

As a result of our PSP measures and slightly higher freight rates, we were able to significantly improve our earnings YoY

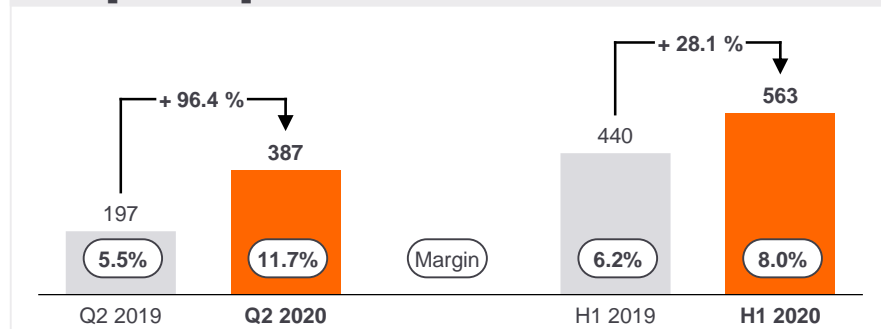
Revenue [USD m]



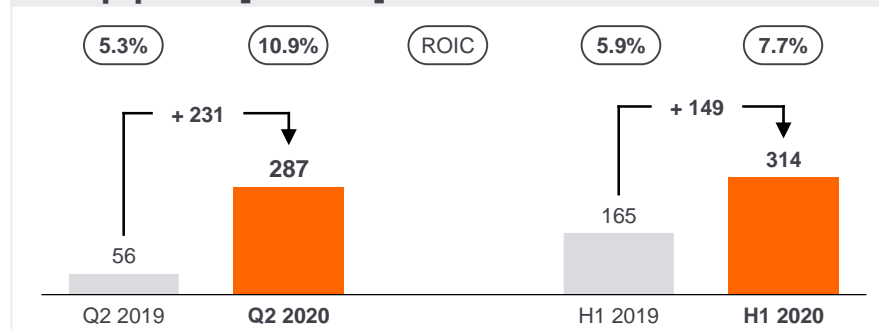
EBITDA [USD m]



EBIT [USD m]

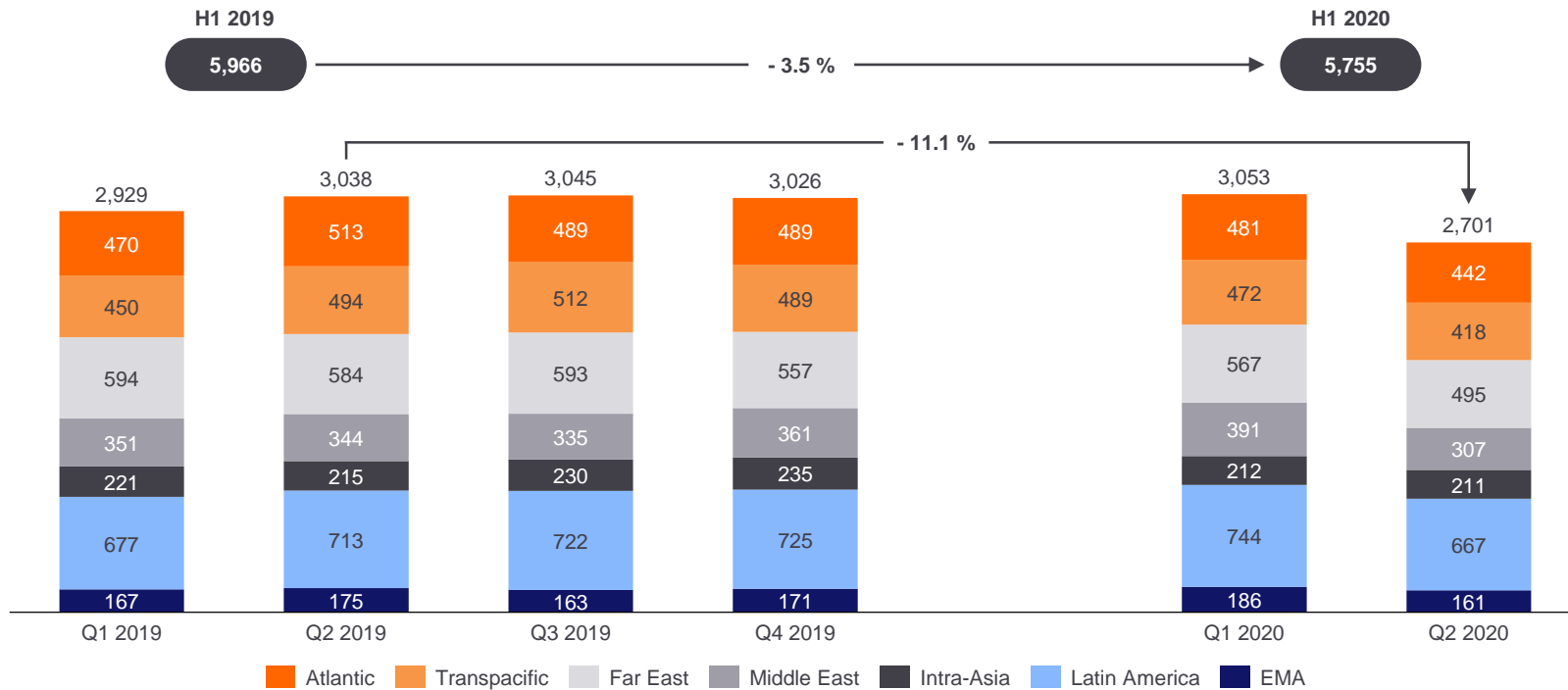


Group profit [USD m]



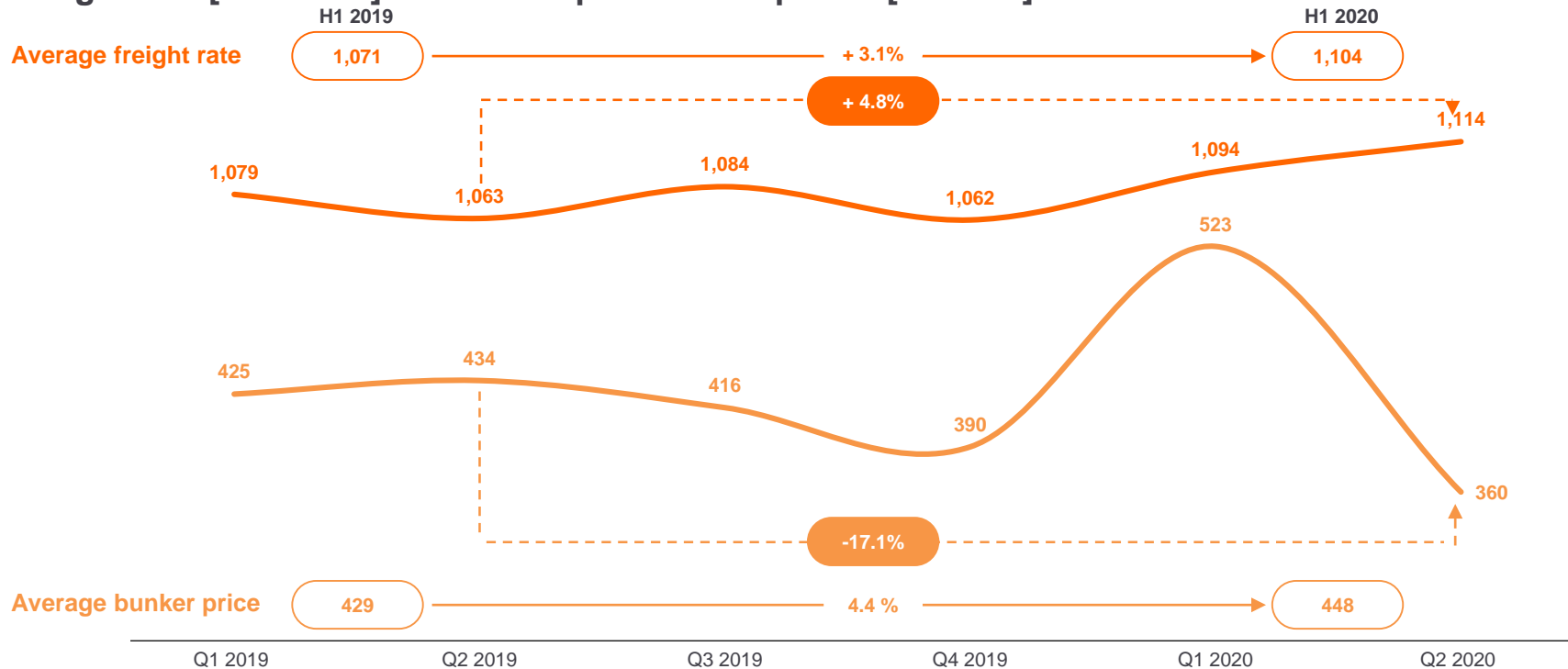
Volumes declined by 3.5% YoY in H1 2020, mainly impacted by a sharp global decline in transport volume in Q2 due to COVID-19

Transport volume development by trade Q1 2019 – Q2 2020 [TTEU]



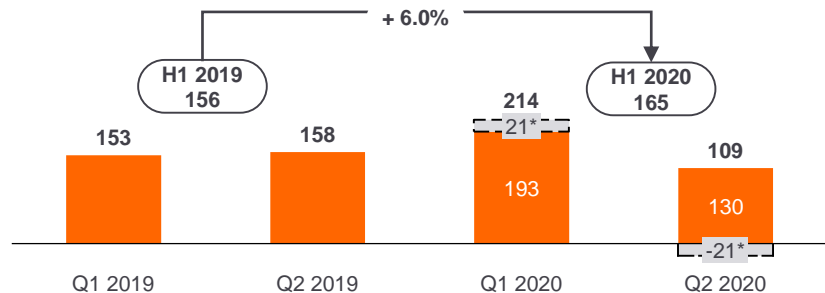
Freight rates increased by 3.1% YoY in H1 2020, the sharp drop in bunker prices end Q1 / early Q2 will reduce bunker surcharges in Q3

Freight rate [USD/TEU] vs. Bunker price development [USD/mt]



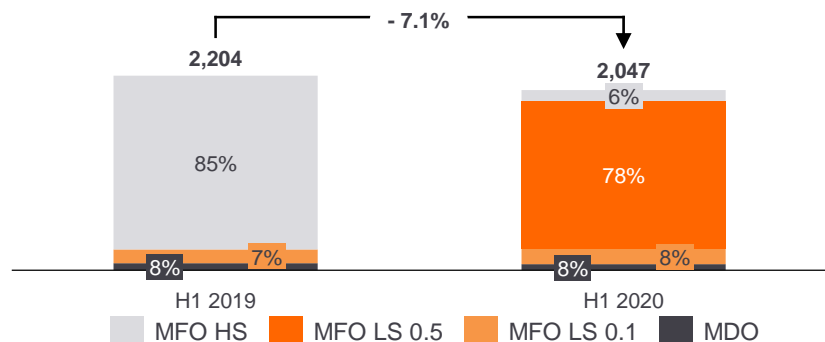
Bunker expenses per unit rose by 6% YoY mainly due to the switch to more expensive low-sulphur fuel in H1 2020...

Bunker expenses per TEU [USD/TEU]

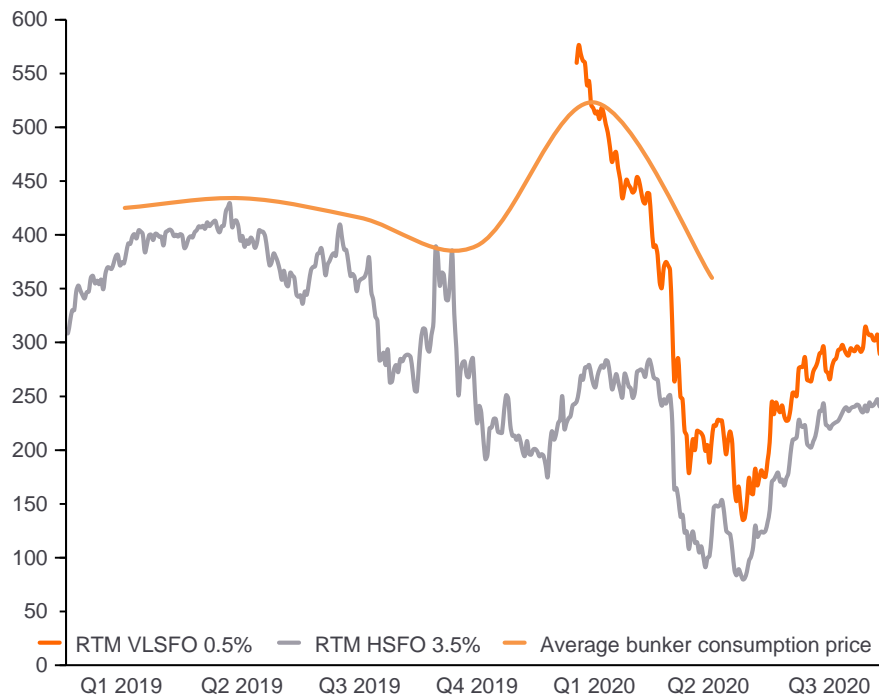


* Q1 bunker stock valuation was largely offset in Q2, with no meaningful impact in H1

Total bunker consumption [k mt; %]

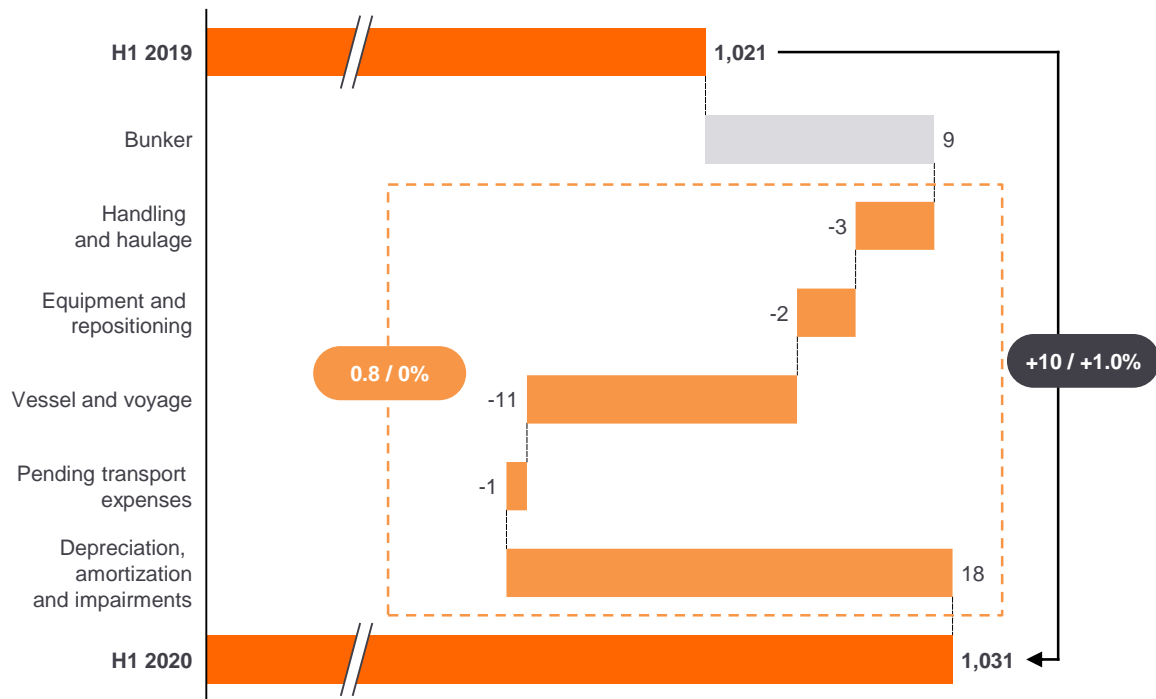


Bunker price development



...whereas ex-bunker unit cost were in line with previous year

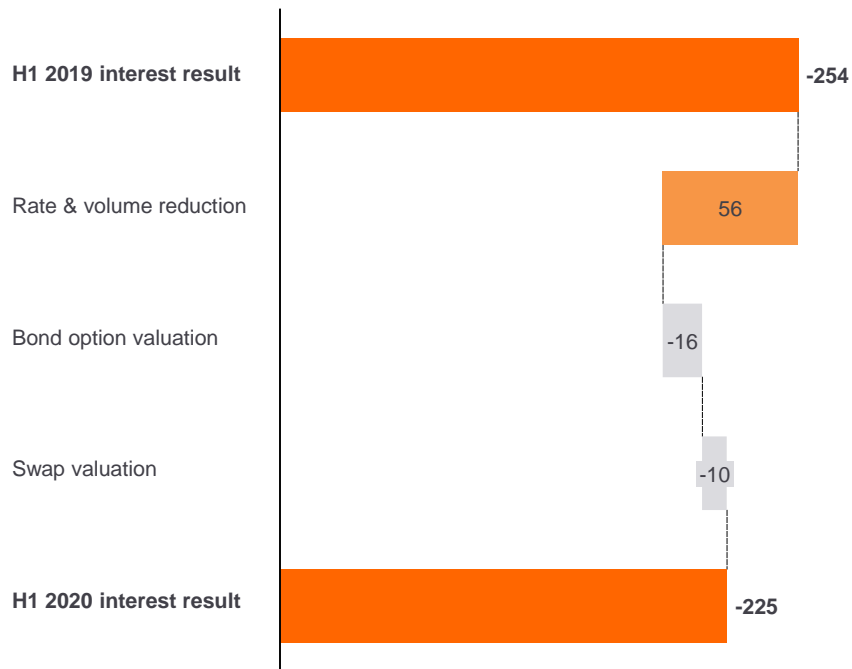
Transport expenses per unit [USD/TEU]



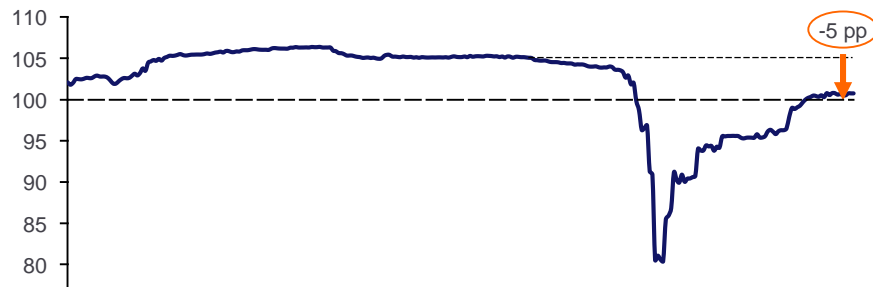
- Costs for “**Vessel and voyage**” decreased due to network optimization (blank sailings) and higher share of charter vessels considered as Right of Use (RoU) with a respective negative impact on **depreciation**.
- Besides the Rights of Use related increase, **depreciation & amortization** increased also due to investments in scrubbers
- All other unit cost were more or less stable

Interest burden clearly reduced – extraordinary valuation effects weigh on financial result

Extraordinary interest result items [USD m]



HLAG Bond trading

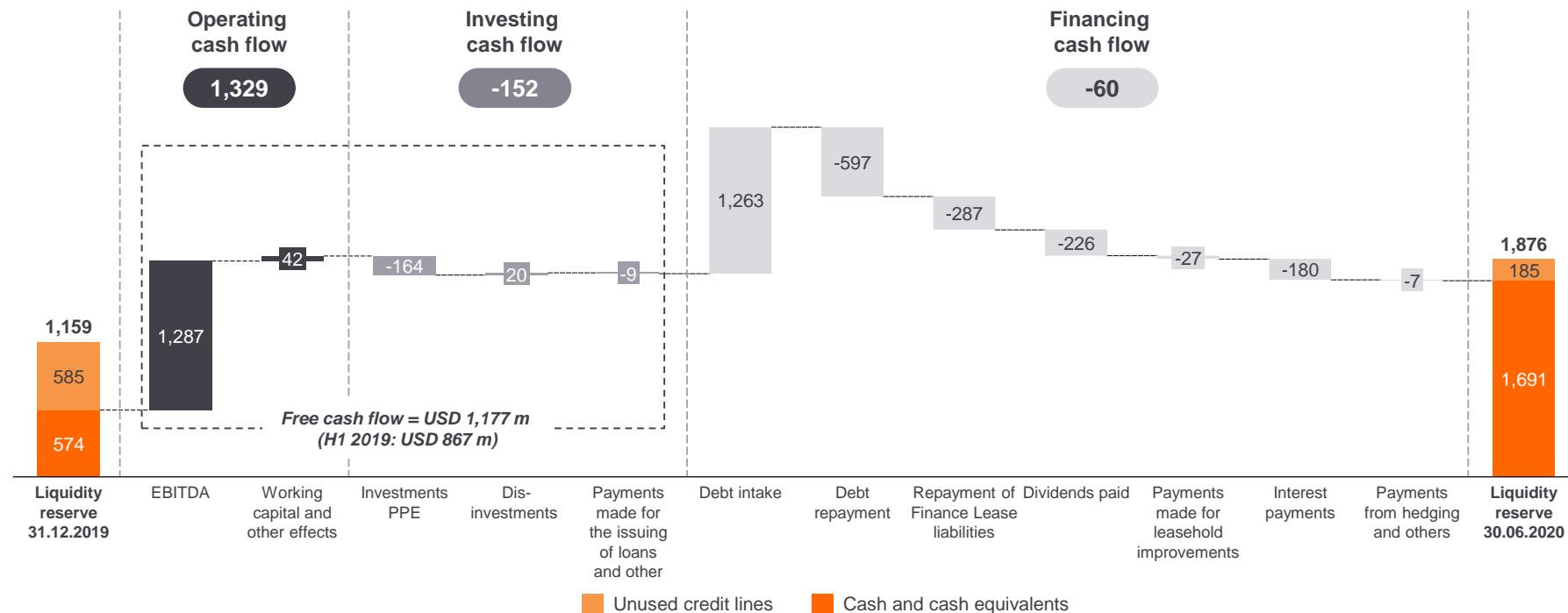


Comments

- On the back of successful deleveraging and the early repayment of our 6.75% bond initially due 2022, interest result has improved
- Market turbulences led to a devaluation of interest swaps and the early bond repurchase option in total of USD - 26 million in H1 2020

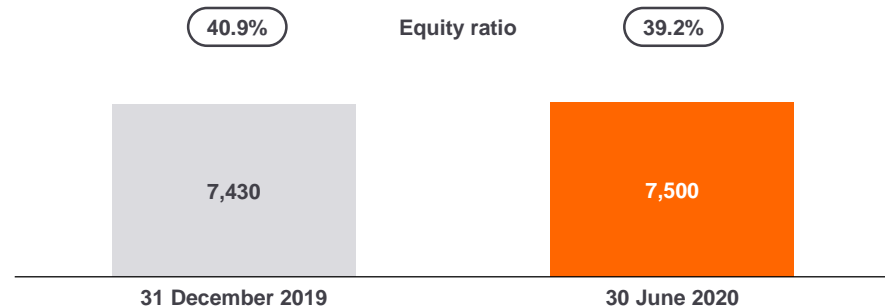
Good earnings development and prudent investment strategy resulting in strong free cash flow generation of USD 1,177 m in H1 2020

Cash flow H1 2020 [USD m]

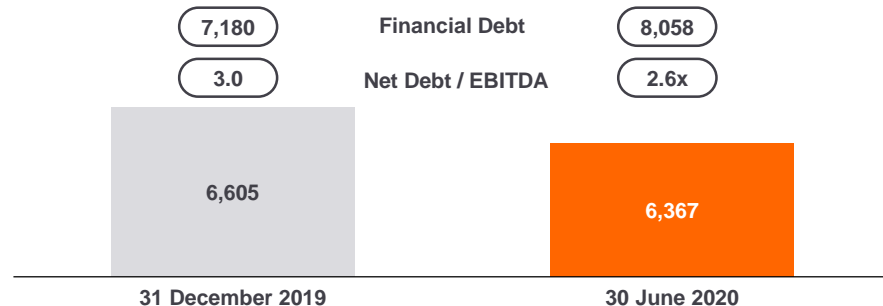


We have further reduced our net debt and substantially improved our leverage ratio to 2.6x

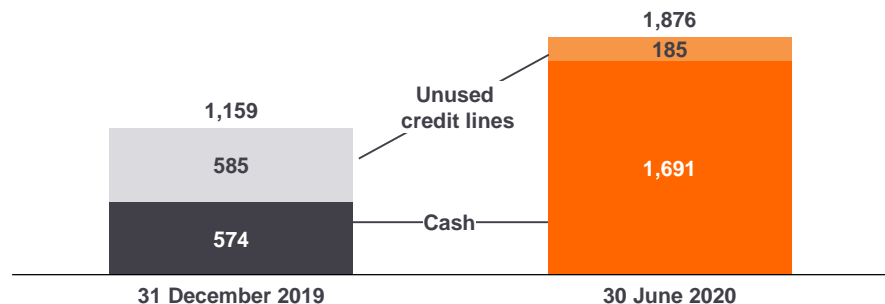
Equity base [USD m]



Net debt [USD m]



Liquidity reserve [USD m]



Comments

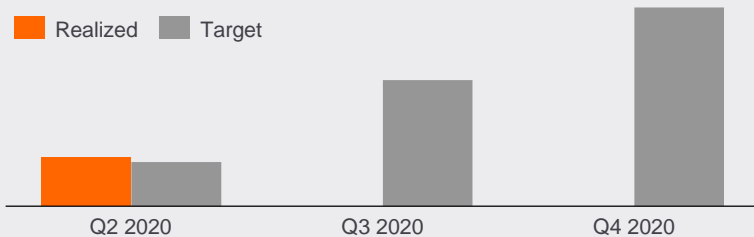
- Liquidity reserve substantially improved due to strong free cash flow and precautionary liquidity measures
- Net debt decreased slightly due to positive free cash flow generation
- Leverage ratio (based on LTM calculation) has come down to 2.6x due to decreased net debt and good results

Performance Safeguarding Program (PSP) launched to protect against downside risk of COVID-19 and to safeguard earnings and liquidity



Cost savings

- Substantial capacity measures taken in coordination with our THE Alliance partners to mitigate variable costs
- Reduction of variable transport expenses and fixed costs (e.g. return of chartered ships, SG&A)
- Savings in the range of a mid three-digit million USD figure expected



Investment prioritization

- Investment plan reviewed
- Postponement of growth and unnecessary maintenance investments
- Continuous review going forward

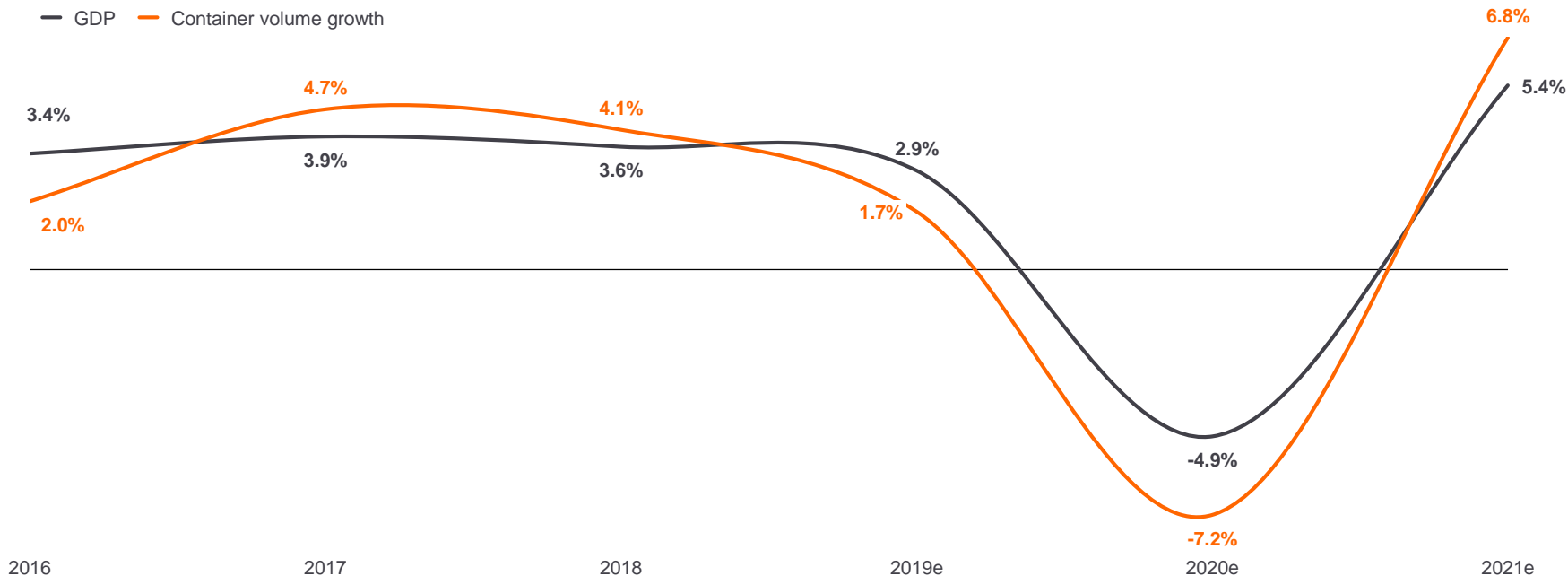


Financial contingency

- Additional liquidity secured
- Different financial measures executed, e.g. draw-down of USD 400 m from RCF & USD 160 m ABS
- Further actions taken (e.g. vessel re-financing) to enhance liquidity and secure necessary investments

Container transport volume 2020e is significantly affected by COVID-19 but not quite as severe as initially expected

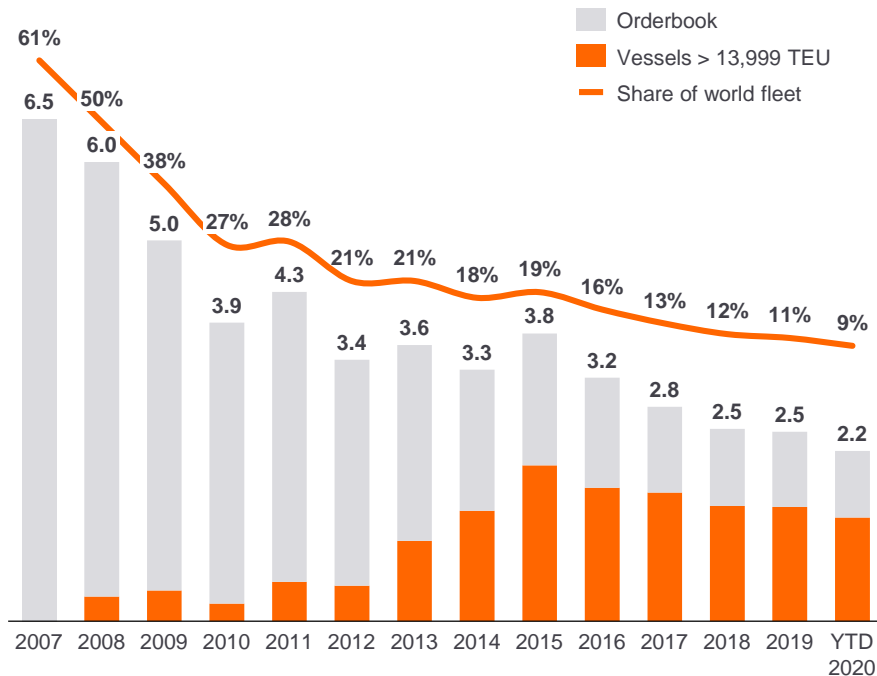
GDP vs. global container volume growth [%]



Idle fleet down from its peak in May to 5.1% as demand picks up slowly – Orderbook activity remains at historical low

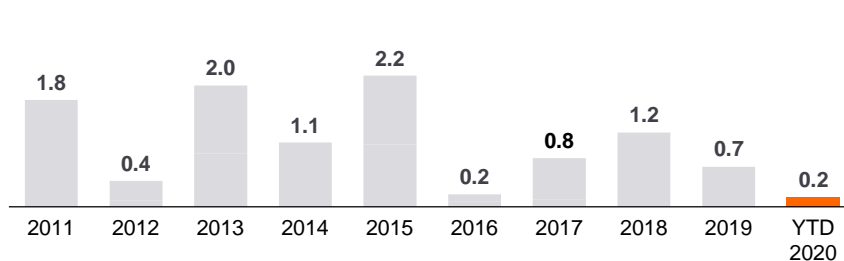
Orderbook-to-fleet

[TEU m, %]



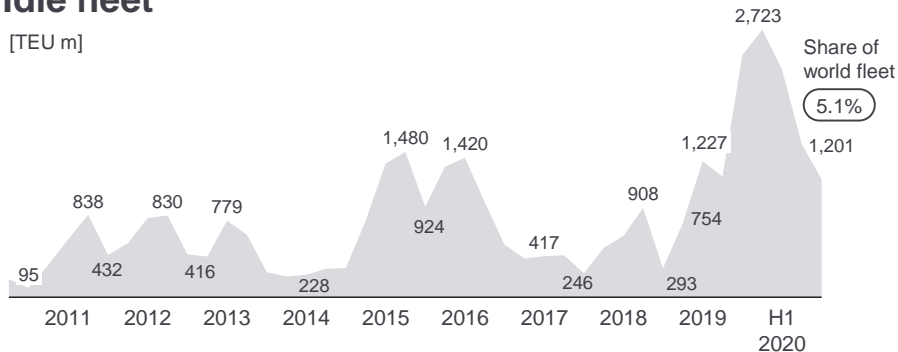
Newly placed orders

[TEU m]



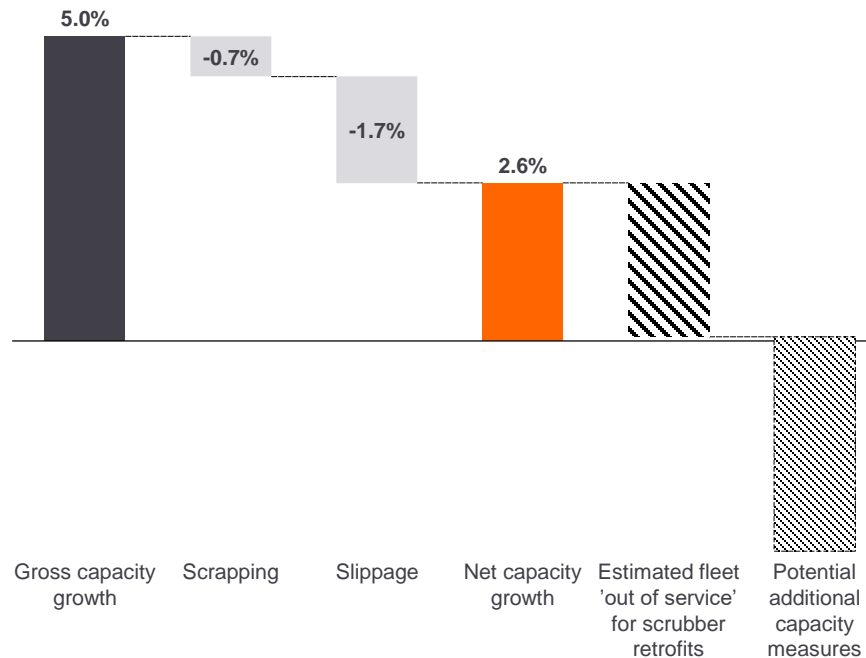
Idle fleet

[TEU m]

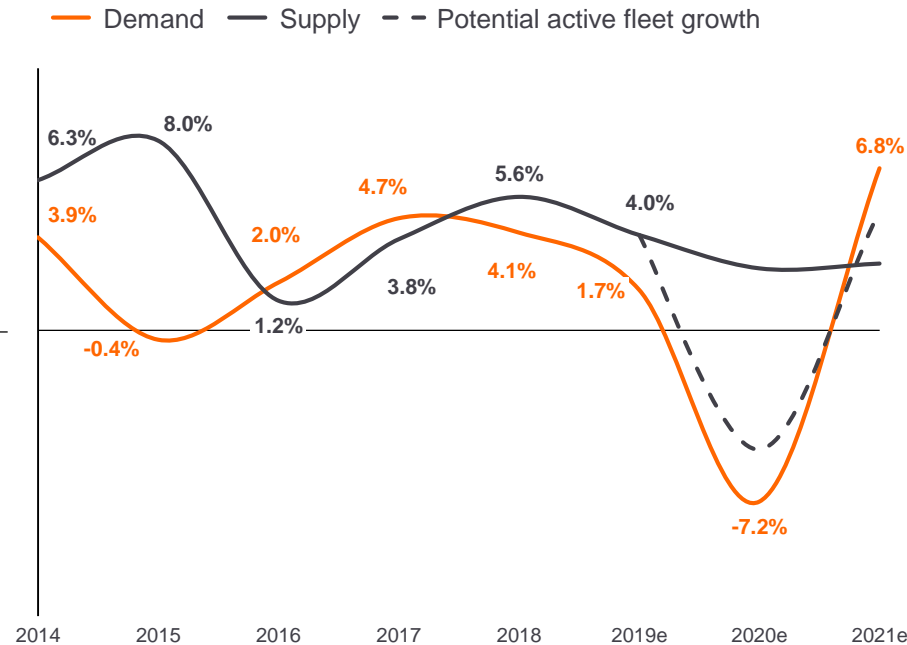


Focus and quick responses continue to be necessary in H2 to ensure adequate supply in a volatile and difficult to predict demand situation






Net capacity growth in 2020e



Supply / Demand balance



Earnings outlook confirmed – subject to considerable uncertainties due to COVID-19 pandemic

	FY 2019	Outlook for 2020
 Transport volume	12,037 TTEU	
 Average bunker price	416 USD/mt	
 EBITDA	EUR 1,986 m	EUR 1.7 – 2.2 bn
 EBIT	EUR 811 m	EUR 0.5 – 1.0 bn

- EBITDA and EBIT outlook ranges confirmed; however, outlook is subject to significant uncertainties related to the COVID-19 pandemic
- Outlook is based on the premise of a gradual recovery of the global economy in the second half of the year
- For 2020, transport volumes and average bunker consumption prices are expected to be below previous year's level
- In addition, the development of freight rates and a potential further increase of bunker prices should have a decisive influence on Hapag-Lloyd earnings in H2 2020

Our priorities for the coming months remain unchanged

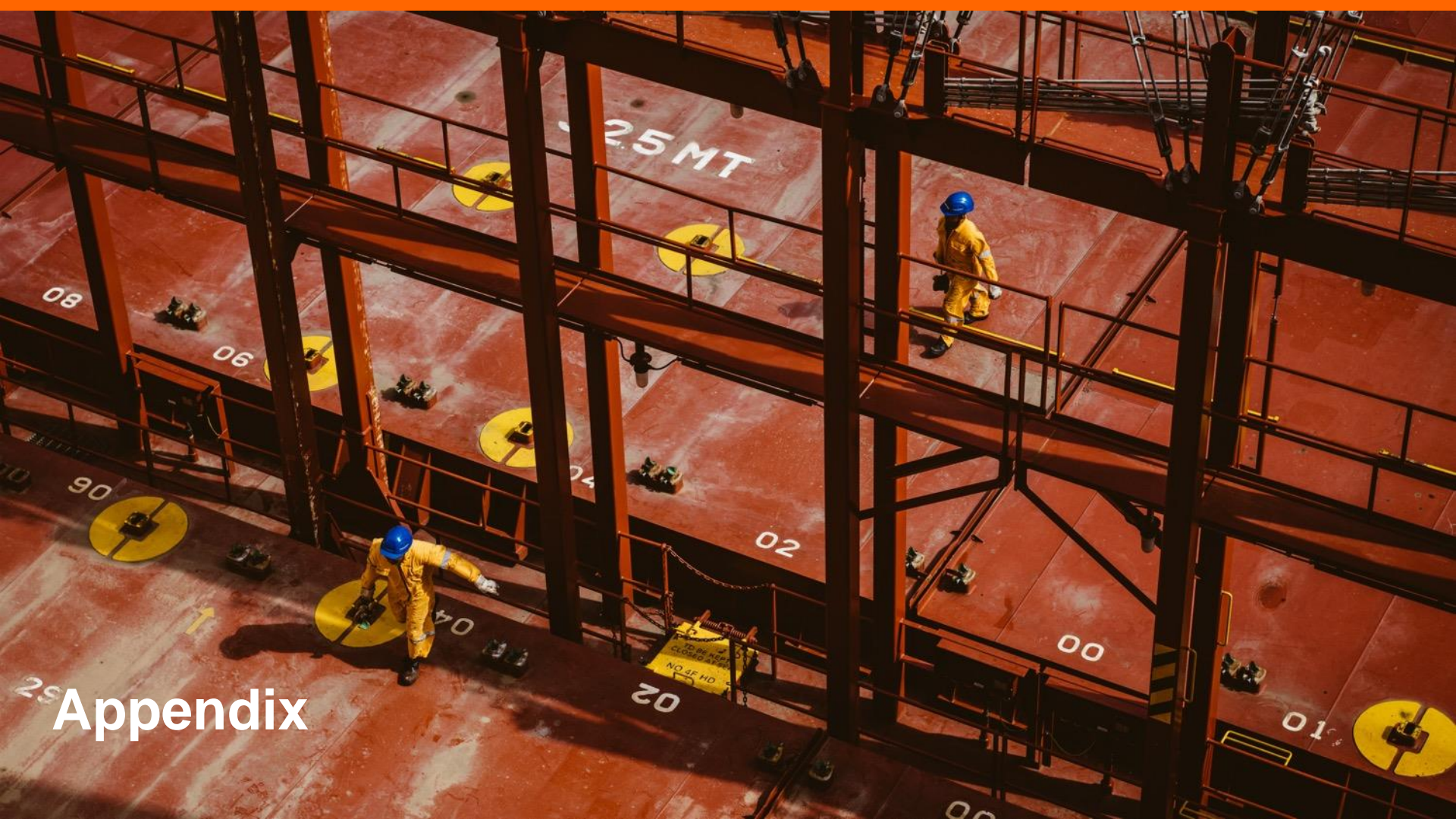
 Ensure the **safety of our employees** and **fully support our customers** to safeguard **uninterrupted supply chains**

 Focus on execution of the **Performance Safeguarding Program** and tracking of **cost cutting measures**

 Keep track on execution of our **Strategy 2023** and gradually **pick-up relevant projects again**

 Continue to follow a **conservative financial policy** with **clear focus on cash**

 Continuously **monitor the global economic impact of the COVID-19 pandemic** and **adapt to evolving market conditions**



25 MT

08

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02

Appendix

TO BE KEPT CLOSED AT ALL TIMES
NO. 4F HD

Hapag-Lloyd with an equity ratio of 39.2% and a gearing of 84.9%

Balance sheet [USD m]

million USD	30.6.2020	31.12.2019
Assets		
Non-current assets	15,540.9	15,501.0
of which fixed assets	15,458.5	15,393.6
Current assets	3,610.8	2,680.7
of which cash and cash equivalents	1,691.2	574.1
Total assets	19,151.7	18,181.7
Equity and liabilities		
Equity	7,499.8	7,430.3
Borrowed capital	11,651.9	10,751.4
of which non-current liabilities	6,794.0	6,269.4
of which current liabilities	4,857.9	4,482.0
of which financial debt and lease liabilities	8,058.1	7,179.6
of which non-current financial debt and lease liabilities	6,276.3	5,786.6
of which current financial debt and lease liabilities	1,781.9	1,393.0
Total equity and liabilities	19,151.7	18,181.7

Financial position [USD m]

million USD	30.6.2020	31.12.2019
Financial debt	8,058.1	7,179.6
Cash and cash equivalents	1,691.2	574.1
Restricted Cash	–	–
Net debt	6,366.9	6,605.4
Unused credit lines	185.0	585.0
Liquidity reserve	1,876.2	1,159.1
Equity	7,499.8	7,430.3
Gearing (net debt / equity) (%)	84.9	88.9
Equity ratio (%)	39.2	40.9

Hapag-Lloyd with positive EBIT of USD 563.2 m in H1 2020

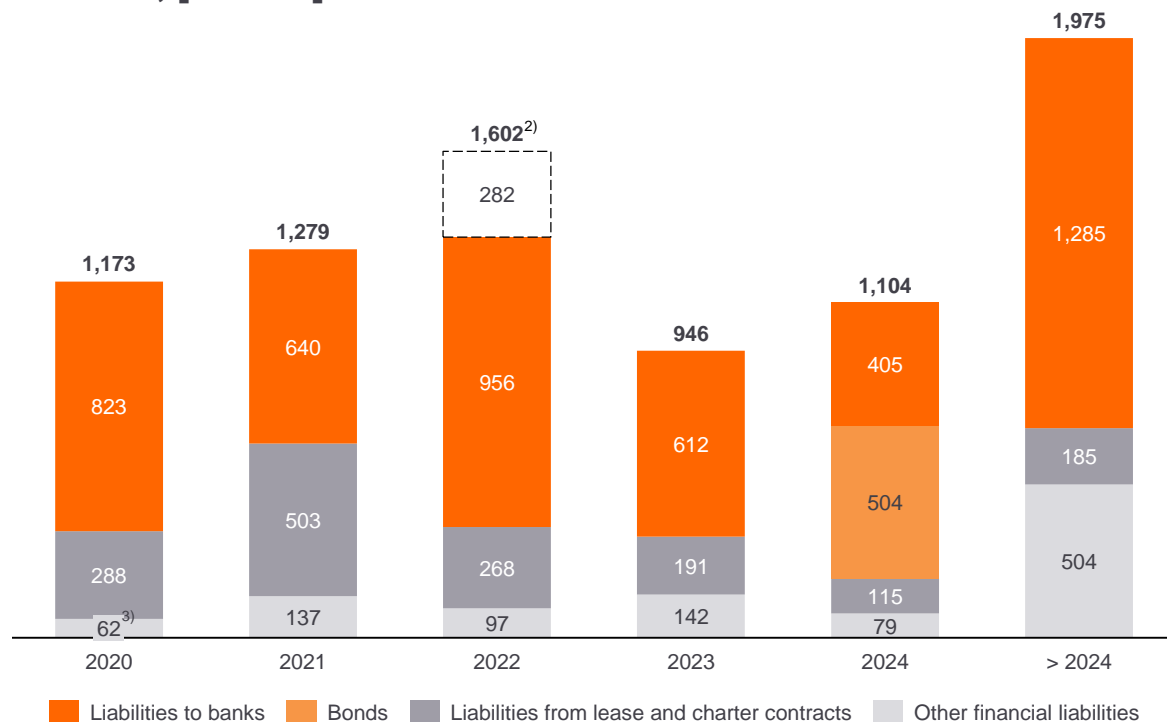
Income statement [USD m]

million USD	Q2 2020	Q2 2019	YoY change	H1 2020	H1 2019	YoY change
Revenue	3,321.2	3,569.0	-7%	7,005.2	7,046.6	-1%
Transport expenses	-2,295.4	-2,790.5	-18%	-5,209.9	-5,450.7	-4%
Personnel expenses	-184.3	-185.5	-1%	-374.8	-374.8	0%
Depreciation, amortisation and impairment	-382.9	-327.3	17%	-724.0	-640.2	13%
Other operating result	-78.5	-78.7	0%	-150.3	-161.0	7%
Operating result	380.1	187.0	103%	546.2	419.8	30%
Share of profit of equity-accounted investees	7.1	10.1	-29%	17.3	19.8	-12%
Result from investments	-0.1	0.0	n.m.	-0.3	0.2	n.m.
Earnings before interest and tax (EBIT)	387.1	197.1	96%	563.2	439.8	28%
Interest result	-87.8	-133.5	-34%	-224.7	-254.1	-12%
Other financial items	-1.9	-1.2	52%	2.9	-1.0	n.m.
Income taxes	-10.4	-6.6	58%	-27.0	-19.5	38%
Group profit / loss	287.1	55.9	414%	314.4	165.2	90%

Well balanced maturity structure of financial liabilities

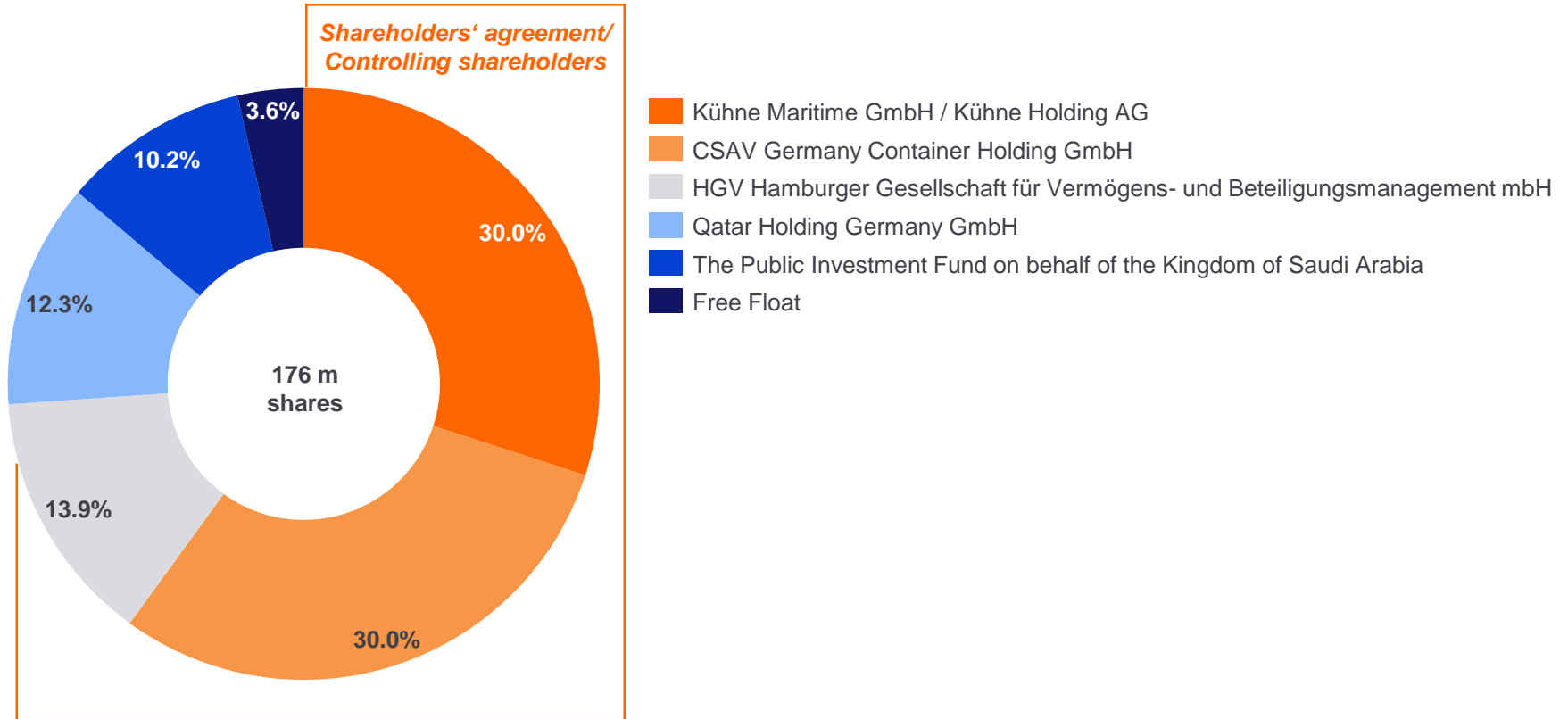
Financial Debt Profile as per 30 June 2020¹⁾, [USD m]

Facility	30 June 2020 [USD m]
Vessel Financings	3,371
Container Financings	1,312
Total Vessel & Container	4,683
EUR Bond 2024	504
Total Bonds	504
Corporate secured	366
Corporate unsecured	976
Total corporate	1,341
Pre IFRS 16 Leases	59
New IFRS 16 Leases	1,491
Total Finance Leases	1,550
Total financial liabilities	8,079³⁾⁴⁾



1) As of January 2018 financial debt profile has been changed to the statement of repayment amounts. Deviation from the total financial debt as shown in the balance sheet as per 30.06.2020 consists of transaction costs and accrued interest 2) ABS program prolonged until 2022 3) Liabilities from lease and charter contracts consist of USD 59 million liabilities from former finance lease contracts and USD 1,491 USD million from lease contracts presented as on-balance financial liability due to first-time application of IFRS 16 4) Repayment amounts based on contractual debt as per 30.06.2020 Note: Rounding differences may occur

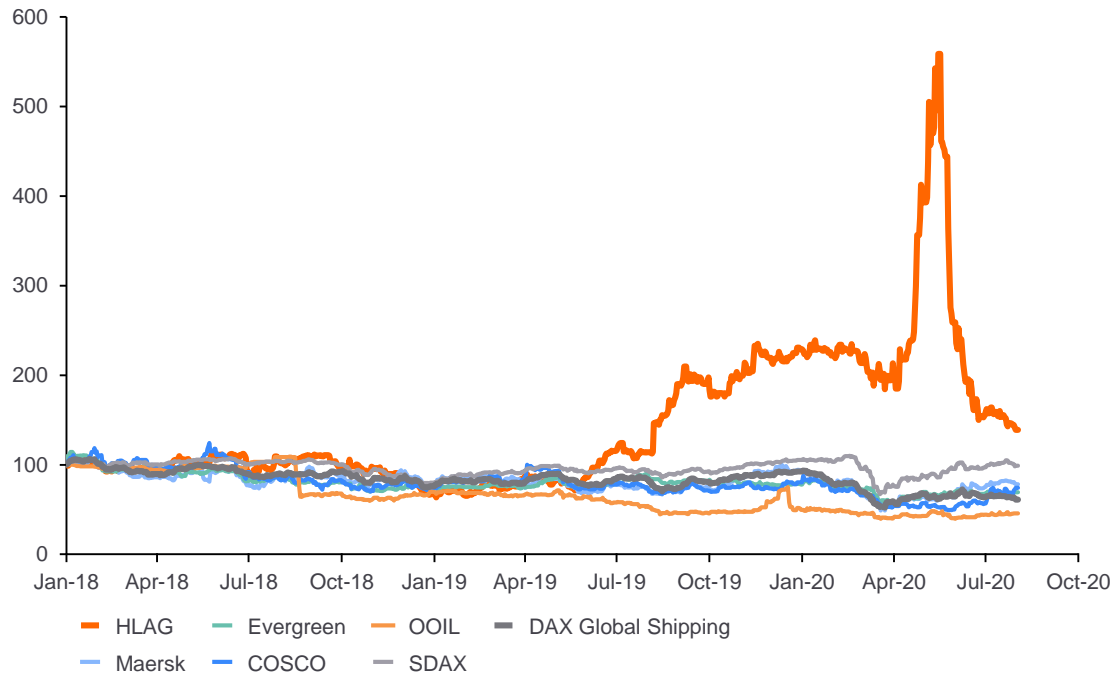
Hapag-Lloyd's shareholder structure



Share price development

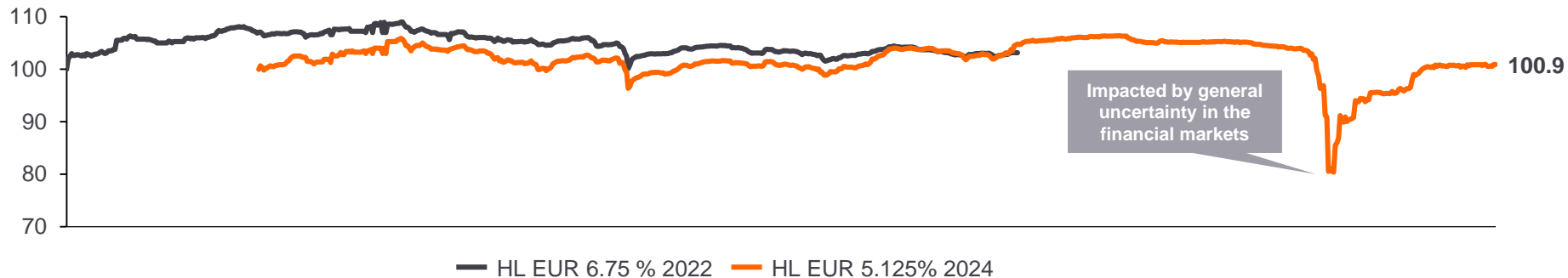
Performance since 1 January 2018

Indexed Price



Stock Exchange	Frankfurt Stock Exchange / Hamburg Stock Exchange
Market segment	Regulated market (Prime Standard)
ISIN / WKN	DE000HLAG475 / HLAG47
Ticker Symbol	HLAG
Primary listing	6 November 2015
Number of shares	175,760,293

Bond trading



	EUR Bond 2024	EUR Bond 2022
Listing	Open market of the Luxembourg Stock Exchange (Euro MTF)	
Volume	EUR 450 m	EUR 450 m
ISIN / WKN	XS1645113322	XS1555576641 / A2E4V1
Maturity Date	Jul 15, 2024	Feb 1, 2022
Redemption Price	as of July 15, 2020:102.563%; as of July 15, 2021:101.281%; as of July 15, 2022:100%	as of Feb 1, 2019: 103.375%; as of Feb 1, 2020: 101.688%; as of Feb 1, 2021: 100%
Coupon	5.125%	6.75%

Financial Calendar 2020

- | | |
|-------------------------|---------------------------------------|
| 19 February 2020 | Preliminary Financials 2019 ✓ |
| 20 March 2020 | Annual Report 2019 ✓ |
| 15 May 2020 | Quarterly Financial Report Q1 2020 ✓ |
| 05 June 2020 | Virtual Annual General Meeting 2020 ✓ |
| 14 August 2020 | Half-year Financial Report 2020 ✓ |
| 13 November 2020 | Quarterly Financial Report 9M 2020 |

Disclaimer

Forward-looking statements

This presentation contains forward-looking statements that involve a number of risks and uncertainties. Such statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, as well as uncertainties and contingencies that are subject to change. Actual results can differ materially from those anticipated in the Company's forward-looking statements as a result of a variety of factors, many of which are beyond the control of the Company, including those set forth from time to time in the Company's press releases and reports and those set forth from time to time in the Company's analyst calls and discussions. We do not assume any obligation to update the forward-looking statements contained in this presentation.

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